

**ASPEN PARK METROPOLITAN DISTRICT**  
**Jefferson County, Colorado**

**FINANCIAL STATEMENTS**  
**December 31, 2016**

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**Haynie &  
Company**

**Certified Public Accountants** (a professional corporation)

1221 West Mineral Ave, Ste. 202 Littleton, Colorado 80120-4544 (303) 734-4800 Fax (303) 795-3356

## **Independent Auditor's Report**

To the Board of Directors  
Aspen Park Metropolitan District

We have audited the accompanying financial statements of the governmental activities, the business-type activities and the major funds of Aspen Park Metropolitan District as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and the major funds of Aspen Park Metropolitan District, as of December 31, 2016 and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Aspen Park Metropolitan District's financial statements as a whole. The supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Littleton, Colorado  
June 28, 2017

## **BASIC FINANCIAL STATEMENTS**

**ASPEN PARK METROPOLITAN DISTRICT**  
**STATEMENT OF NET POSITION**  
December 31, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments - Unrestricted	\$ -	\$ 79,651	\$ 79,651
Cash and investments - Restricted	1,137,334	-	1,137,334
Receivable - County Treasurer	1,658	-	1,658
Interest receivable	542	-	542
Accounts receivable	139,697	32,198	171,895
Prepaid expenses	243	11,726	11,969
Property taxes receivable	322,959	-	322,959
Capital assets, not being depreciated:			
Parks and recreation	492,090	-	492,090
Water rights	-	360,591	360,591
Capital assets, net:			
Equipment	-	6,418	6,418
Water and wastewater facilities	-	3,940,516	3,940,516
Pipelines and underground infrastructure	-	632,018	632,018
Total assets	<u>2,094,523</u>	<u>5,063,118</u>	<u>7,157,641</u>
<b>LIABILITIES</b>			
Accounts payable	7,964	61,770	69,734
Accrued interest payable - Senior Bonds	40,466	-	40,466
Accrued interest payable - Subordinate Bonds	1,781,161	-	1,781,161
Noncurrent liabilities			
Due within one year	390,000	-	390,000
Due in more than one year	12,255,000	-	12,255,000
Total liabilities	<u>14,474,591</u>	<u>61,770</u>	<u>14,536,361</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property taxes revenue	322,959	-	322,959
Total deferred inflows of resources	<u>322,959</u>	<u>-</u>	<u>322,959</u>
<b>NET POSITION</b>			
Net investment in capital assets	38,360	4,939,543	4,977,903
Restricted for:			
Emergency	5,000	-	5,000
Sales tax eligible expenses	166,031	-	166,031
Unrestricted	(12,912,418)	61,805	(12,850,613)
Total net position	<u>\$ (12,703,027)</u>	<u>\$ 5,001,348</u>	<u>\$ (7,701,679)</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**ASPEN PARK METROPOLITAN DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2016**

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental activities:							
General government	\$ 146,650	\$ -	\$ -	\$ -	\$ (146,650)	\$ -	\$ (146,650)
Interest and related costs on long-term debt	765,512	-	-	-	(765,512)	-	(765,512)
Total governmental activities	<u>912,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(912,162)</u>	<u>-</u>	<u>(912,162)</u>
Business-type activities:							
Water and wastewater	574,715	326,863	-	-	-	(247,852)	(247,852)
Total business-type activities	<u>\$ 574,715</u>	<u>\$ 326,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>(247,852)</u>	<u>(247,852)</u>
General revenues:							
Property taxes					251,463	-	251,463
Specific ownership taxes					20,170	-	20,170
Sales taxes					137,214	-	137,214
Public improvement fees					840,414	-	840,414
Net investment income					7,330	-	7,330
Other income					697	2,067	2,764
Total general revenues					<u>1,257,288</u>	<u>2,067</u>	<u>1,259,355</u>
Change in net position					345,126	(245,785)	99,341
Net position - Beginning					<u>(13,048,153)</u>	<u>5,247,133</u>	<u>(7,801,020)</u>
Net position - Ending					<u>\$ (12,703,027)</u>	<u>\$ 5,001,348</u>	<u>\$ (7,701,679)</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**ASPEN PARK METROPOLITAN DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2016**

	General	Debt Service	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments - Restricted	\$ 143,798	\$ 993,536	\$ 1,137,334
Receivable - County Treasurer	166	1,492	1,658
Interest receivable	-	542	542
Accounts receivable	29,372	110,325	139,697
Prepaid expenses	243	-	243
Property taxes receivable	80,737	242,222	322,959
<b>TOTAL ASSETS</b>	<b>\$ 254,316</b>	<b>\$ 1,348,117</b>	<b>\$ 1,602,433</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 6,413	\$ 1,551	\$ 7,964
Total liabilities	6,413	1,551	7,964
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property taxes revenue	80,737	242,222	322,959
Total deferred inflows of resources	80,737	242,222	322,959
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid expenses	243	-	243
Restricted for:			
Emergency reserves	5,000	-	5,000
Sales tax eligible expenses	166,031	-	166,031
Debt Service Reserve Fund - required amount	-	356,545	356,545
Debt Service Surplus Fund - required amount	-	565,000	565,000
Future debt service	-	182,799	182,799
Unassigned:			
General government	(4,108)	-	(4,108)
Total fund balances	167,166	1,104,344	1,271,510
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 254,316</b>	<b>\$ 1,348,117</b>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	492,090
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable	(12,645,000)
Accrued interest payable - Senior Bonds	(40,466)
Accrued interest payable - Subordinate Bonds	(1,781,161)
Net position of governmental activities	<b>\$(12,703,027)</b>

These financial statements should be read only in connection with the accompanying notes to financial statements.



**ASPEN PARK METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**Year Ended December 31, 2016**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Property taxes	\$ 25,146	\$ 226,317	\$ 251,463
Specific ownership taxes	2,017	18,153	20,170
Sales taxes	137,214	-	137,214
Other income	697	-	697
Net investment income	-	7,330	7,330
Public improvement fees	-	840,414	840,414
Total revenues	<u>165,074</u>	<u>1,092,214</u>	<u>1,257,288</u>
<b>EXPENDITURES</b>			
Current			
Accounting	6,132	-	6,132
Audit	4,100	-	4,100
County Treasurer's fees	377	3,395	3,772
Directors' fees	1,700	-	1,700
District management	5,983	-	5,983
Dues and memberships	598	-	598
Elections	2,331	-	2,331
Legal	4,819	-	4,819
Miscellaneous	1,195	-	1,195
PIF compliance and review	-	11,048	11,048
Website maintenance	400	-	400
Sales tax administration	3,466	-	3,466
Improved surfaces	104,501	-	104,501
Debt service			
Interest - Senior Bonds	-	507,438	507,438
Interest - Subordinate Bonds	-	182,000	182,000
Principal - Senior Bonds	-	380,000	380,000
Paying agent/trustee fees	-	4,500	4,500
Total expenditures	<u>135,602</u>	<u>1,088,381</u>	<u>1,223,983</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>29,472</u>	<u>3,833</u>	<u>33,305</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>137,694</u>	<u>1,100,511</u>	<u>1,238,205</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 167,166</u>	<u>\$ 1,104,344</u>	<u>\$ 1,271,510</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**ASPEN PARK METROPOLITAN DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2016**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - Total governmental funds	\$	33,305
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond principal payment		380,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest payable - Senior Bonds - Change in liability		1,821
Accrued interest payable - Subordinate Bonds - Change in liability		<u>(70,000)</u>

Change in net position of governmental activities	\$	<u><u>345,126</u></u>
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These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**ASPEN PARK METROPOLITAN DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended December 31, 2016**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Property taxes	\$ 25,146	\$ 25,146	\$ -
Specific ownership taxes	1,760	2,017	257
Sales taxes	132,000	137,214	5,214
Other income	-	697	697
Total revenues	<u>158,906</u>	<u>165,074</u>	<u>6,168</u>
<b>EXPENDITURES</b>			
Accounting	7,000	6,132	868
Audit	4,000	4,100	(100)
County Treasurer's fees	377	377	-
Directors' fees	2,500	1,700	800
District management	5,000	5,983	(983)
Dues and memberships	600	598	2
Elections	2,000	2,331	(331)
Legal	7,000	4,819	2,181
Miscellaneous	823	1,195	(372)
Website maintenance	1,000	400	600
Sales tax administration	4,000	3,466	534
Improved surfaces	156,400	104,501	51,899
Total expenditures	<u>190,700</u>	<u>135,602</u>	<u>55,098</u>
<b>NET CHANGE IN FUND BALANCES</b>	(31,794)	29,472	61,266
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>109,977</u>	<u>137,694</u>	<u>27,717</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 78,183</u>	<u>\$ 167,166</u>	<u>\$ 88,983</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**ASPEN PARK METROPOLITAN DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2016**

	<b>Enterprise Fund</b>
<b>ASSETS</b>	
Cash and investments - Unrestricted	\$ 79,651
Accounts receivable	32,198
Prepaid expenses	11,726
Capital assets, not being depreciated:	
Water rights	360,591
Capital assets, net:	
Equipment	6,418
Water and wastewater facilities	3,940,516
Pipelines and underground infrastructure	632,018
Total assets	5,063,118
<b>LIABILITIES</b>	
Accounts payable	61,770
Total liabilities	61,770
<b>NET POSITION</b>	
Net investment in capital assets	4,939,543
Unrestricted	61,805
Total net position	\$ 5,001,348

These financial statements should be read only in connection with  
the accompanying notes to the financial statements.

**ASPEN PARK METROPOLITAN DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**Year Ended December 31, 2016**

	<b>Enterprise Fund</b>
<b>OPERATING REVENUES</b>	
Water usage fees	\$ 54,558
Sewer usage fees	96,029
Utility flat fees	174,861
Penalties and late fees	1,415
Total operating revenues	326,863
<b>OPERATING EXPENSES</b>	
Accounting	24,526
Billing	12,225
District management	23,932
Dues and memberships	2,150
Engineering	41,856
Insurance	11,061
Legal	19,274
Miscellaneous	3,315
Service plan amendment	16,594
Bad debt	14,218
Capital outlay	
Consultants - water rights	23,631
Sewer plant expansion report (CDPHE)	13,900
Operation and maintenance:	
Water facilities	58,479
Sewer facilities	82,272
Depreciation	227,282
Total operating expenses	574,715
<b>OPERATING INCOME (LOSS)</b>	<b>(247,852)</b>
<b>OTHER REVENUES AND EXPENDITURES</b>	
Other income	2,067
Total other revenues and expenditures	2,067
<b>CHANGE IN NET POSITION</b>	<b>(245,785)</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>5,247,133</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 5,001,348</b>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**ASPEN PARK METROPOLITAN DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended December 31, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 337,939
Payments to suppliers	<u>(318,771)</u>
Net cash provided (required) by operating activities	<u>19,168</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Other income	2,067
Capital outlay	<u>(37,297)</u>
Net cash provided (required) by noncapital financing activities	<u>(35,230)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Net investment income received	<u>-</u>
Net cash provided (required) by investing activities	<u>-</u>

**NET INCREASE (DECREASE) IN CASH AND INVESTMENTS** (16,062)

**CASH AND INVESTMENTS - BEGINNING OF YEAR** 95,713

**CASH AND INVESTMENTS - END OF YEAR** \$ 79,651

**Reconciliation of operating income (loss) to net cash provided  
(required) by operating activities**

Operating income (loss)	\$ (247,852)
Adjustments to reconcile operating income (loss) to net cash provided (required) by operating activities:	
(Increase) decrease in accounts receivable	11,076
(Increase) decrease in prepaid expenses	(11,532)
Increase (decrease) in accounts payable	40,194
Depreciation	<u>227,282</u>
Net cash provided (required) by operating activities	<u><u>\$ 19,168</u></u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**ASPEN PARK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 1 - DEFINITION OF REPORTING ENTITY**

Aspen Park Metropolitan District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, was organized in December 2002, and is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Jefferson County, Colorado. The District was established to provide water, storm and sanitary sewer, streets and traffic safety protection, parks and recreation, transportation, mosquito control and other services.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The District has no employees and all operations and administrative functions are contracted.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The more significant accounting policies of the District are described as follows:

**Government-wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the District. The effect of interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which are normally supported by property taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the District. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

**ASPEN PARK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has designated all of its governmental funds as major funds.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, sales taxes and public improvement fees. All other revenue items are considered to be measurable and available only when cash is received by the District. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation is due.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of the governmental funds.

The District reports the following major proprietary fund:

The Enterprise Fund accounts for activities related to water, sewer, storm drainage, and retaining wall services.

**Budgets**

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.



**ASPEN PARK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The District has amended its annual budget for the year ended December 31, 2016.

**Pooled Cash and Investments**

The District follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Investments are carried at fair value.

**Cash Equivalents**

For purposes of the statement of cash flows, the District considers cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**Accounts Receivable, Allowance for Doubtful Accounts**

Tap fees, water and sewer fees, and other similar fees constitute a perpetual lien on or against the property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

**Property Taxes**

Property taxes are levied by the District's Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August, and generally, sale of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflow of resources in the year they are levied and measurable. The unearned property tax revenues are recorded as revenue in the year they are available or collected.

**ASPEN PARK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

Capital assets, which include property and infrastructure assets (e.g. equipment, parks and recreation, water and wastewater facilities, and pipelines and underground infrastructure), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, if applicable. Depreciation expense has been computed using the straight-line method over the following estimated useful lives:

Water and wastewater facilities	30 years
Pipelines and underground infrastructure	50 years
Equipment	5 years

**Deferred Inflows of Resources**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *deferred property tax revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Equity**

***Net Position***

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

**ASPEN PARK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Fund Balance***

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balances is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

**NOTE 3 - CASH AND INVESTMENTS**

Cash and investments as of December 31, 2016 are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments - Unrestricted	\$ 79,651
Cash and investments - Restricted	<u>1,137,334</u>
Total cash and investments	<u>\$ 1,216,985</u>

**ASPEN PARK METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

Cash and investments as of December 31, 2016 consist of the following:

Deposits with financial institutions	\$ 226,023
Investments	<u>990,962</u>
Total cash and investments	<u>\$ 1,216,985</u>

**Deposits with Financial Institutions**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2016, the District's cash deposits had a bank balance and a carrying balance of \$226,023.

**Investments**

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments.

The District generally limits its concentration of investments to those noted with an asterisk (\*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States, certain U.S. government agency securities, and securities of the World Bank
- . General obligation and revenue bonds of U.S. local government entities
- . Certain certificates of participation
- . Certain securities lending agreements
- . Bankers' acceptances of certain banks
- . Commercial paper

**ASPEN PARK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

- . Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- \* Local government investment pools

**Fair Value Measurement and Application**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series); money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee); and CSAFE which record their investments at amortized cost.

As of December 31, 2016, the District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Balance</u>
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted average under 60 days	<u>\$ 990,962</u>

**CSAFE**

The District invested in the Colorado Surplus Asset Fund Trust (CSAFE) (the Trust), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's.

**ASPEN PARK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 4 - CAPITAL ASSETS**

An analysis of the changes in the District's capital assets for the year ended December 31, 2016 follows:

	<u>Balance at December 31, 2015</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Balance at December 31, 2016</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Parks and recreation (open space/Tract A)	\$ 492,090	\$ -	\$ -	\$ 492,090
Total capital assets, not being depreciated	<u>492,090</u>	<u>-</u>	<u>-</u>	<u>492,090</u>
Governmental capital assets, net	<u>492,090</u>	<u>-</u>	<u>-</u>	<u>492,090</u>
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Water rights	360,591	-	-	360,591
Total capital assets, not being depreciated	<u>360,591</u>	<u>-</u>	<u>-</u>	<u>360,591</u>
Capital assets, being depreciated:				
Equipment	10,696	-	-	10,696
Water and wastewater facilities	6,877,456	37,297	-	6,914,753
Pipelines and underground infrastructure	800,021	-	-	800,021
Total capital assets, being depreciated	<u>7,688,173</u>	<u>37,297</u>	<u>-</u>	<u>7,725,470</u>
Less accumulated depreciation for:				
Equipment	(2,139)	(2,139)	-	(4,278)
Water and wastewater facilities	(2,765,094)	(209,143)	-	(2,974,237)
Pipelines and underground infrastructure	(152,003)	(16,000)	-	(168,003)
Total accumulated depreciation	<u>(2,919,236)</u>	<u>(227,282)</u>	<u>-</u>	<u>(3,146,518)</u>
Total capital assets, being depreciated, net	<u>4,768,937</u>	<u>(189,985)</u>	<u>-</u>	<u>4,578,952</u>
Business-type capital assets, net	<u>5,129,528</u>	<u>(189,985)</u>	<u>-</u>	<u>4,939,543</u>
Total capital assets, net	<u>\$ 5,621,618</u>	<u>\$ (189,985)</u>	<u>\$ -</u>	<u>\$ 5,431,633</u>

The costs of all capital assets transferred to the County or other entities were removed from the District's financial records.

**ASPEN PARK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions/programs of the District as follows:

Business-type activities:	
Equipment	\$ 2,139
Water and wastewater facilities	209,143
Pipelines and underground infrastructure	<u>16,000</u>
Total depreciation expense	<u>\$ 227,282</u>

**NOTE 5 - LONG-TERM OBLIGATIONS**

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2016:

	<u>Balance at December 31, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2016</u>	<u>Due Within One Year</u>
Public Improvement Fee/Limited Tax Supported Revenue Refunding Bonds Series 2012	\$ 8,825,000	\$ -	\$ 380,000	\$ 8,445,000	\$390,000
Subordinate Revenue Bonds Series 2007	3,700,000	-	-	3,700,000	-
Subordinate Revenue Bonds Series 2010	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
	<u>\$ 13,025,000</u>	<u>\$ -</u>	<u>\$ 380,000</u>	<u>\$ 12,645,000</u>	<u>\$390,000</u>

The details of the bonds outstanding at December 31, 2016, are as follows:

**\$10,000,000 Public Improvement Fee/Limited Tax Supported Revenue Bonds, Series 2004/\$9,885,000 Public Improvement Fee/Limited Tax Supported Revenue Refunding Bonds, Series 2012**

On June 22, 2004, the District issued \$10,000,000 of Public Improvement Fee/Limited Tax Supported Revenue Bonds, Series 2004 (2004 Bonds). The 2004 Bonds were used to establish debt service reserve and capitalized interest funds, pay for the costs of issuance, and provide funding for the acquisition and construction of infrastructure and related costs. The 2004 Bonds are term bonds due on December 1, 2029, and bear interest at a rate of 7.50%.

**ASPEN PARK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)**

On November 28, 2012, the District issued \$9,885,000 Public Improvement Fee/Limited Tax Supported Revenue Refunding Bonds, Series 2012, to refund the Series 2004 Bonds. The Series 2012 Refunding Bonds are term bonds due on December 1, 2037, and bear interest at a rate of 5.75%. If funds are available in any given year, the Series 2012 Refunding Bonds require an additional principal payment to be made in the amount of \$165,000, prior to any payments being made on the Subordinate Bonds. This additional principal payment has been budgeted for in 2017, and is reflected in the table above under "Due Within One Year."

The Series 2012 Refunding Bonds are secured by Pledged Revenues that include:

- Public improvement fees (PIF Revenues) that are derived from a contractually imposed fee with respect to certain retail sales of goods occurring within the District
- Revenues derived from the required mill levy for debt service defined as Capital Levy Revenues
- Specific ownership taxes
- Guaranteed PIF payments from Dillon Companies under the Dillon PIF Guaranty

**PIF Revenues**

The PIF Revenues come from a fee imposed under a private contract and not through the exercise of any governmental taxing authority. The PIF is applied to the sale of goods at a rate of 1% for Dillon Companies or any future owner of Lot 1 of the shopping center and 2% for all other locations. The PIF is payable in addition to all sales and use taxes that may be imposed and is collected by the retailers in the District. The PIF is remitted to the District within 20 days after month end.

**Capital Levy Revenues**

The rate of the Capital Levy shall be equal to the lesser of: (i) 50 mills; (ii) if the District is requiring a tax levy for operating and maintenance expenses, 45 mills; or (iii) the rate necessary to generate, in the following fiscal year, revenues equal to the PIF Revenue Shortfall, if any, projected for the following fiscal year, which PIF Revenue Shortfall shall be determined by the District no later than each December 5. PIF Revenue Shortfall means, with respect to any fiscal year, the amount equal to: 1) 110% of the debt service scheduled for such fiscal year, plus fees payable to the Collecting Agent during such fiscal year, plus the amount, if any, required to be deposited into the Debt Service Reserve Fund to restore such fund to the debt service reserve fund requirement; less 2) the amount of Pledged PIF Revenues, Dillon Guaranteed PIF Payments and Specific Ownership Tax Revenues received by the Trustee in the immediately preceding twelve month period.

In 2016, the District had amended its service plan to modify the combined maximum mill levy cap allowing a maximum of 50 mills for the repayment of debt and a maximum of 40 mills for the payment of the District's ongoing administrative, operation and maintenance costs.



**ASPEN PARK METROPOLITAN DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)**

**Specific Ownership Taxes**

Specific Ownership Taxes consist of the portion of the tax revenues on certain motor vehicles and other personal property that is imposed by the State pursuant to Article 3, Title 42, C.R.S., or any successor statute that is allocable to the District. This Tax is collected on property within the County by the Jefferson County Treasurer and the total amount of the taxes collected is apportioned among all political and governmental subdivisions within the County on the basis of the amount of ad valorem property taxes levied by such entities within the County during the preceding calendar year.

**Dillon Guaranteed PIF Payments**

The major tenant in the District and the expected primary source of PIF Revenue has agreed to a conditional guaranteed scheduled payment of PIF Revenue. The Dillon Lease provides in part that if, while the Senior Bonds are outstanding: (a) the Dillon Lease is terminated, other than due to a material default by the Developer, (b) King Soopers closes to the public and Dillon ceases grocery store operations in the leased premises, or (c) Dillon assigns or sublets the premises, or any portion thereof, or assigns the Dillon Lease, then Dillon will be obligated, on a monthly basis, to subsidize and pay the difference, if any, between the PIF Revenues generated from PIF Sales at the premises by any new tenant, assignee or sublessee, and the PIF Revenues projected to be paid by Dillon from its grocery store operations as specified in the Dillon Lease. This guarantee runs from 2006 through 2029 for a total of \$9,543,040.

**Debt Service Reserve Fund and Surplus Fund**

The required Debt Service Reserve Fund related to the Series 2012 Public Improvement Fee/Limited Tax Supported Revenue Refunding Bonds is \$356,545. The Bond Indenture allows withdrawal from the Debt Service Reserve Fund but requires that it be replenished. As of December 31, 2016, the Debt Service Reserve Fund has a balance of \$356,731, comprised of \$356,545 bond proceeds (required amount) and \$186 interest income.

Additionally, a Surplus Fund in the amount of \$565,000 is required to be maintained. As of December 31, 2016, the Surplus Fund has a balance of \$565,304, comprised of \$565,000 bond proceeds (required amount) and \$304 interest income.

**ASPEN PARK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)**

The District's Series 2012 Refunding Bonds will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 390,000	\$ 485,588	\$ 875,588
2018	405,000	463,163	868,163
2019	415,000	439,875	854,875
2020	430,000	416,013	846,013
2021	445,000	391,288	836,288
2022-2026	2,500,000	1,551,639	4,051,639
2027-2031	3,035,000	775,101	3,810,101
2032-2033	825,000	55,488	880,488
	<u>\$ 8,445,000</u>	<u>\$ 4,578,155</u>	<u>\$ 13,023,155</u>

**\$3,700,000 Subordinate Revenue Bonds**

On July 18, 2007, the District issued \$3,700,000 of Subordinate Revenue Bonds, Series 2007, to acquire certain public improvements constructed by the Developer. The principal and interest on the Subordinate Bonds are payable solely from and to the extent of the Subordinate Pledged Revenue on a basis subordinate to the Senior Bonds. The Series 2007 Subordinate Bonds, which were purchased by the Developer, bear interest at a rate of 6.00%. Interest on the Series 2007 Subordinate Bonds shall continue to accrue and shall be paid on the next Interest Payment Date when funds are available for such payment. Furthermore, if any amount of principal or interest remains due and owing on the Series 2007 Subordinate Bonds on December 1, 2037, such amounts shall be discharged and no further amounts shall be due on the Series 2007 Subordinate Bonds.

The actual amounts of principal and interest payments to be made on the Series 2007 Subordinate Bonds in the future will depend on future pledged revenues and cannot be predicted with certainty.

During 2016, the District paid \$182,000 in interest on the Series 2007 Subordinate Bonds.

**\$500,000 Subordinate Revenue Bonds**

On April 20, 2010, the District issued \$500,000 of Subordinate Revenue Bonds, Series 2010, to repay the Developer for advances made in prior years used to construct public improvements within the District. The principal and interest on the Subordinate Bonds are payable solely from and to the extent of the Subordinate Pledged Revenue on a basis subordinate to the Senior Bonds. The Series 2010 Subordinate Bonds, which were purchased by the Developer, bear interest at a rate of 6.00%. Interest on the Series 2010 Subordinate Bonds shall continue to accrue and shall be paid on the next Interest Payment Date when funds are available for such payment. Furthermore, if any amount of principal or interest remains due and owing on the Series 2010 Subordinate Bonds on December 1, 2037, such amounts shall be discharged and no further amounts shall be due on the Series 2010 Subordinate Bonds.

**ASPEN PARK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)**

The actual amounts of principal and interest payments to be made on the Series 2010 Subordinate Bonds in the future will depend on future pledged revenues and cannot be predicted with certainty.

**Authorized Debt**

On November 5, 2002, the District's voters authorized total indebtedness of \$28,000,000 for construction of public improvements and operating and maintenance expenditures and \$23,000,000 each for debt refunding and debt to private entities. At December 31, 2016, the District had authorized but unissued indebtedness from this election in the following amounts allocated for the following purposes:

	Original Authorization	Authorization Used				Authorized But Unissued
		Series 2004 Bonds	Series 2007 Bonds	Series 2010 Bonds	Series 2012 Bonds	
Streets	\$ 2,500,000	\$ 2,082,932	\$ -	\$ -	\$ -	\$ 417,068
Traffic and safety controls	1,000,000	-	-	-	-	1,000,000
Water	5,000,000	4,368,219	-	-	-	631,781
Sanitation	10,000,000	3,060,227	-	-	-	6,939,773
Parks and recreation	3,000,000	488,622	-	-	-	2,511,378
Public transportation	500,000	-	-	-	-	500,000
Television relay and translation	500,000	-	-	-	-	500,000
Mosquito control	500,000	-	-	-	-	500,000
Operations and maintenance	5,000,000	-	-	-	-	5,000,000
Reimbursement obligation to private entities	23,000,000	-	3,700,000	500,000	-	18,800,000
Refinancing District debt	23,000,000	-	-	-	9,885,000	13,115,000
	<u>\$ 74,000,000</u>	<u>\$10,000,000</u>	<u>\$3,700,000</u>	<u>\$ 500,000</u>	<u>\$9,885,000</u>	<u>\$49,915,000</u>

**ASPEN PARK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 6 - NET POSITION**

The District has net position consisting of three components – net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2016, the District had net investment in capital assets calculated as follows:

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>
Net investment in capital assets:		
Capital assets, net	\$ 492,090	\$ 4,939,543
Current portion of bonds payable	(15,094)	-
Noncurrent portion of bonds payable	(474,302)	-
Unspent bond proceeds	35,666	-
	\$ 38,360	\$ 4,939,543

To finance the construction of public improvements (capital assets), the District issued and refunded bonds. While the bonds payable remain in the District's governmental fund, all capital assets related to the water and wastewater facilities were transferred to the District's proprietary fund.

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District had restricted net position as of December 31, 2016, as follows:

Restricted net position:	
Emergency (see Note 9)	\$ 5,000
Sales tax eligible expenses	166,031
	\$ 171,031

The District has a deficit in unrestricted net position. The deficit in unrestricted net position of the District's governmental activities results from the bonds being paid from revenues of a governmental fund, while the public improvements constructed and/or acquired from proceeds of such bonds were either conveyed to other governmental entities (which costs were removed from the books) or transferred to the District's proprietary fund.

**ASPEN PARK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 7 - DISTRICT AGREEMENTS**

**Termination, Acknowledgment and Release Agreement**

Aspen Park Investors, Ltd., the Developer of the District (API) and the District previously entered into the following agreements (collectively, the Agreements):

- **Funding and Reimbursement Agreement for O&M Costs, November 16, 2005** – API agreed to make advances to the District for its operations and maintenance costs; District agreed to reimburse API for the advances plus interest.
- **Funding and Reimbursement Agreement for Capital Costs, November 16, 2005** – API agreed to make advances to the District for construction or acquisition of public improvements; District agreed to reimburse API for the advances or actual costs of public improvements, plus interest.
- **Infrastructure Acquisition Agreement, November 19, 2004** – District agreed to acquire certain public improvements constructed by API
- **Letter Agreement, July 18, 2007** – API agreed to undertake corrective work identified by the District's Engineer prior to the District's (i) acceptance of certain public improvements, and (ii) agreement to reimburse API for the construction thereof.
- **Public Improvements Agreement, March 21, 2007; subsequently amended by the First Amendment to Public Improvements Agreement, February 17, 2009, and Second Amendment to Public Improvements Agreement, May 17, 2011** – API agreed to provide funding for additional infrastructure related to the discharge of treated effluent.
- **Escrow Agreement, March 21, 2007; subsequently amended by the First Amendment to Escrow Agreement, February 17, 2009** – required by the Public Improvements Agreement, to provide an assurance of funds necessary to construct the additional infrastructure related to the discharge of treated effluent.
- **Reimbursement and Acquisition Agreement, April 23, 2013** – API agreed to make advances to the District or construct and dedicate public improvements to the District; District agreed to reimburse API for the advances or actual costs of public improvements, plus interest.
- **Resolution Regarding Reimbursement of Advanced Funds, April 23, 2013** – District recognized and approved certain amounts previously contributed by API as advances pursuant to the Reimbursement and Acquisition Agreement dated April 23, 2013.

**ASPEN PARK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 7 - DISTRICT AGREEMENTS (CONTINUED)**

On September 17, 2013, the District and API entered into a Termination, Acknowledgment and Release Agreement (Termination Agreement). Pursuant to the Termination Agreement, API has agreed to forgive all outstanding amounts owed by the District to API under the Agreements listed above, including all accrued interest, but excluding amounts for which debt instruments have been authorized and issued by the District to API (Prior Debt), and to terminate the Agreements listed above. Prior Debt includes the \$3,700,000 Subordinate Revenue Bonds, Series 2007, and the \$500,000 Subordinate Revenue Bonds, Series 2010. Upon execution of the Termination Agreement, all amounts remaining due and outstanding under the Agreements, including all accrued interest, but excluding Prior Debt, are forgiven in their entirety, generally and unconditionally released, waived, acquitted and forever discharged, and shall be deemed a contribution to the District by API, and there shall be no further obligation, present or future, of the District to pay or reimburse API for such amounts.

In return, subject to the receipt of the Engineer's Certification, pursuant to the Termination Agreement, the District agreed to release API from any further obligations related to public improvements previously constructed. The Engineer's Certification was received and accepted by the District on November 19, 2013.

In 2013, API transferred its ownership of the shopping center (located within the District's boundaries) to a new owner, NewQuest Epic Investments. In November 2015, NewQuest Epic Investments sold the shopping center to a new owner, Aspen Park Station, LLC.

**Exclusion Agreement**

On September 9, 2005, the District entered into an agreement which set forth the terms and conditions by which the District would provide wastewater facilities and services to certain real property to be excluded from the District. This Agreement shall terminate on August 30, 2015, with respect to any connections for development on the Property that have not occurred by such date, unless further extended per the mutual written agreement of the parties. This agreement was not extended.

**Assignment of Water Rights Option and Purchase Agreement**

On July 15, 2013, the District and Aspen Park Investors, Ltd. (API) entered into the Assignment of Water Rights Option and Purchase Agreement ("Assignment"). Pursuant to the Assignment, API assigns, transfers and conveys to the District all of API's rights, title and interest in, and delegates all of its duties and obligations under a certain Water Rights Option and Purchase Agreement (Option Agreement) API entered into in December 2011 with Norman Meyer and Norman Meyer, II (collectively, the Seller). Pursuant to the Assignment, the District accepts all the rights and benefits and assumes all duties and obligations under the Option Agreement.

In a resolution dated September 17, 2013, the District's Board of Directors authorized the purchase of the water rights from the Seller pursuant to the terms and conditions set forth in the Option Agreement. The closing occurred in November 2013.

**Inclusion of Eagle Cliff Parcel**

The District's Board of Directors approved a petition by Aspen Park Investors, Ltd. to include certain real property called Eagle Cliff Parcel into the District. The inclusion was recorded in Jefferson County on January 10, 2014, under Reception No. 2014002736.

**ASPEN PARK METROPOLITAN DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016**

**NOTE 8 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The District was a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property, public officials' liability, and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

**NOTE 9 - TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue. On November 5, 2002, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all currently levied taxes and fees of the District without regard to any limitations under TABOR.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. As of December 31, 2016, the District had provided but did not fund an Emergency Reserve, which may be a violation of the Constitutional Amendment.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

This information is an integral part of the accompanying financial statements.

## **SUPPLEMENTARY INFORMATION**



**ASPEN PARK METROPOLITAN DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL  
DEBT SERVICE FUND  
Year Ended December 31, 2016**

	<b>Original and Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>			
Property taxes	\$ 226,326	\$ 226,317	\$ (9)
Specific ownership taxes	15,840	18,153	2,313
Net investment income	3,000	7,330	4,330
Public improvement fees	855,000	840,414	(14,586)
Total revenues	<u>1,100,166</u>	<u>1,092,214</u>	<u>(7,952)</u>
<b>EXPENDITURES</b>			
County Treasurer's fees	3,395	3,395	-
Contingency	4,667	-	4,667
PIF compliance and review	5,000	11,048	(6,048)
Debt service			
Interest - Senior Bonds	507,438	507,438	-
Interest - Subordinate Bonds	191,000	182,000	9,000
Principal - Senior Bonds	380,000	380,000	-
Paying agent/trustee fees	4,500	4,500	-
Total expenditures	<u>1,096,000</u>	<u>1,088,381</u>	<u>7,619</u>
<b>NET CHANGE IN FUND BALANCES</b>	4,166	3,833	(333)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>1,090,095</u>	<u>1,100,511</u>	<u>10,416</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 1,094,261</u></u>	<u><u>\$ 1,104,344</u></u>	<u><u>\$ 10,083</u></u>

**ASPEN PARK METROPOLITAN DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**ENTERPRISE FUND**  
**Year Ended December 31, 2016**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Water usage fees	\$ 41,700	\$ 41,700	\$ 54,558	\$ 12,858
Sewer usage fees	84,000	84,000	96,029	12,029
Utility flat fees	172,000	172,000	174,861	2,861
Penalties and late fees	200	1,500	1,415	(85)
Other income	-	-	2,067	2,067
Total revenues	<u>297,900</u>	<u>299,200</u>	<u>328,930</u>	<u>29,730</u>
<b>EXPENDITURES</b>				
Accounting	23,000	24,000	24,526	(526)
Billing	12,000	12,000	12,225	(225)
Contingency	-	16,000	-	16,000
District management	15,000	20,000	23,932	(3,932)
Dues and memberships	2,500	1,866	2,150	(284)
Engineering	25,000	42,000	41,856	144
Insurance	11,400	11,061	11,061	-
Legal	23,000	21,000	19,274	1,726
Miscellaneous	1,300	7,190	3,315	3,875
Service plan amendment - Legal	7,000	7,000	12,887	(5,887)
Service plan amendment - Other	-	-	3,707	(3,707)
Bad debt	-	-	14,218	(14,218)
Capital outlay				
Consultants - water rights	15,000	30,286	23,631	6,655
Membrane replacement	40,000	37,297	37,297	-
Sewer Plant expansion report for CDPHE	14,000	14,000	13,900	100
Operation and maintenance:				
Water facilities	70,800	57,300	58,479	(1,179)
Sewer facilities	97,000	84,000	82,272	1,728
Stormwater facilities	1,000	-	-	-
Retaining wall	1,000	-	-	-
Total expenditures	<u>359,000</u>	<u>385,000</u>	<u>384,730</u>	<u>270</u>
<b>EXCESS OF REVENUES OVER /(UNDER)</b>				
<b>EXPENDITURES - BUDGET BASIS</b>	<u>\$ (61,100)</u>	<u>\$ (85,800)</u>	(55,800)	<u>\$ 30,000</u>
<b>ADJUSTMENTS TO RECONCILE</b>				
<b>BUDGET BASIS TO GAAP BASIS:</b>				
Capital outlay			37,297	
Depreciation			(227,282)	
<b>CHANGE IN NET POSITION</b>			<u>(245,785)</u>	
<b>NET POSITION, BEGINNING OF YEAR</b>			5,247,133	
<b>NET POSITION, END OF YEAR</b>			<u>\$ 5,001,348</u>	

**ASPEN PARK METROPOLITAN DISTRICT  
SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY  
December 31, 2016**

**\$9,885,000 Public Improvement Fee /Limited Tax  
Supported Revenue Refunding Bonds, Series 2012  
Dated November 28, 2012  
Principal Due December 1,  
Interest Rate at 5.75%  
Payable June 1 and December 1**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Extraordinary Redemption - Principal</u>	<u>Total Principal</u>	<u>Interest</u>	<u>Totals</u>
2017	\$ 225,000	\$ 165,000	\$ 390,000	\$ 485,588	\$ 875,588
2018	240,000	165,000	405,000	463,163	868,163
2019	250,000	165,000	415,000	439,875	854,875
2020	265,000	165,000	430,000	416,013	846,013
2021	280,000	165,000	445,000	391,288	836,288
2022	300,000	165,000	465,000	365,700	830,700
2023	315,000	165,000	480,000	338,963	818,963
2024	335,000	165,000	500,000	311,363	811,363
2025	350,000	165,000	515,000	282,613	797,613
2026	375,000	165,000	540,000	253,000	793,000
2027	395,000	165,000	560,000	221,950	781,950
2028	415,000	165,000	580,000	189,750	769,750
2029	440,000	165,000	605,000	156,400	761,400
2030	465,000	165,000	630,000	121,613	751,613
2031	495,000	165,000	660,000	85,388	745,388
2032	520,000	165,000	685,000	47,438	732,438
2033	550,000	(410,000)	140,000	8,050	148,050
2034	580,000	(580,000)	-	-	-
2035	615,000	(615,000)	-	-	-
2036	650,000	(650,000)	-	-	-
2037	385,000	(385,000)	-	-	-
	<u>\$ 8,445,000</u>	<u>\$ -</u>	<u>\$ 8,445,000</u>	<u>\$ 4,578,155</u>	<u>\$ 13,023,155</u>

**ASPEN PARK METROPOLITAN DISTRICT  
SUMMARY OF ASSESSED VALUATION,  
MILL LEVY AND PROPERTY TAXES COLLECTED  
December 31, 2016**

<b>Year Ended December 31,</b>	<b>Prior Year Assessed Valuation for Current Year Property Tax Levy</b>	<b>Mills Levied</b>		<b>Total Property Taxes</b>		<b>Percentage Collected to Levied</b>
		<b>General</b>	<b>Debt Service</b>	<b>Levied</b>	<b>Collected</b>	
2012	\$ 6,287,791	5.000	45.000	\$ 314,389	\$ 266,735	84.84%
2013	\$ 5,283,648	5.000	45.000	\$ 264,181	\$ 264,181	100.00%
2014	\$ 5,211,021	5.000	45.000	\$ 260,549	\$ 258,791	99.33%
2015	\$ 5,096,477	5.000	45.000	\$ 254,822	\$ 254,620	99.92%
2016	\$ 5,029,475	5.000	45.000	\$ 251,472	\$ 251,463	99.99%
Estimated for the year ending December 31, 2017	\$ 5,382,708	15.000	45.000	\$ 322,959		